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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric
Company for Approval of Memorandum
Account to Record and Track Incremental
Costs of Implementing California Consumer
Privacy Act of 2018.

(U 39 E)

Application No. 19-03-____

**APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) FOR
APPROVAL OF MEMORANDUM ACCOUNT TO RECORD AND TRACK
INCREMENTAL COSTS OF IMPLEMENTING CALIFORNIA CONSUMER
PRIVACY ACT OF 2018**

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Dated: March 27, 2019

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OF THE STATE OF CALIFORNIA**

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I. INTRODUCTION

Pursuant to Public Utilities Code Sections 451 and 454, the California Consumer Privacy Act of 2018 (CCPA), and informal procedural guidance from the Commission's Energy Division staff, Pacific Gas and Electric Company (PG&E) by this Application requests that the Commission approve PG&E's Consumer Privacy Memorandum Account (CPMA) to track and record the incremental, verifiable costs PG&E incurs to implement the CCPA during 2019 and through the end of PG&E's 2020 General Rate Case (GRC) period. PG&E's costs to implement and comply with the CCPA subsequent to the end of its 2020 GRC period will be requested and reviewed for recovery in PG&E's subsequent GRCs. Draft tariff language to support the CPMA is attached to this Application as Attachment 1.

Because the mandatory requirements of the CCPA go into effect in 2020 and PG&E is already incurring costs to implement the CCPA, PG&E requests that the CPMA include an effective date as of the filing date of this application, and that the application be granted on an expedited basis by no later than July 2019 without the need for prepared testimony or evidentiary hearings. Approval of PG&E's CPMA application will not increase or affect any PG&E rate, rate schedule or service. PG&E's CPMA application will not prejudice or affect in any way the ability of the Commission and interested parties to review the CCPA implementation costs

recorded in the CPMA for reasonableness when PG&E requests recovery of the costs in a separate application at a later date, such as in a post-2020 GRC.

II. SUMMARY OF PG&E'S CONSUMER PRIVACY MEMORANDUM ACCOUNT APPLICATION.

On September 23, 2018, California Governor Jerry Brown signed into law the California Consumer Privacy Act of 2018 as amended by Senate Bill (SB) 1121. The CCPA is the most comprehensive revision to California's consumer privacy laws in several decades, and is recognized globally as one of the most stringent, far-reaching expansions of consumer privacy laws in the United States, requiring most California businesses, including investor-owned utilities such as PG&E, to undertake significant and potentially expensive upgrades of their customer data, IT and privacy systems, procedures, standards, compliance requirements and training. In addition, the CCPA imposes new, expanded liability on companies, including California investor-owned utilities, who violate its new and expanded compliance requirements.

The CCPA compliance requirement go into effect on January 1, 2020, and the Office of the California Attorney General already has begun drafting the regulations to implement and enforce the new law and its expanded civil and criminal penalties and private causes of action. As of January 1, 2020, companies around the world will have to comply with the CCPA's additional regulations and compliance requirements applicable to the personal data of California consumers collected, used and disclosed by California businesses.

By this Application, PG&E is requesting authorization to establish the CPMA for tracking incremental, verifiable costs associated with the implementation of the CCPA for consideration in future cost recovery applications. Due to lead time required for PG&E to implement changes and comply with the law by January 1, 2020, PG&E already has begun to incur significant costs to implement the CCPA. PG&E respectfully requests that the Commission authorize PG&E to record applicable costs in CPMA that are incurred beginning as of the date of filing of this application and continue until the end of PG&E's 2020 GRC period.

CCPA implementation and compliance costs incurred subsequent to the end of PG&E's 2020 GRC period will be forecast and reviewed for recovery in subsequent applications or GRCs.¹

PG&E is submitting its proposed electric and gas preliminary statements in this filing to support establishment of the CPMA. PG&E's tariffs and this Application will not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

III. SUMMARY OF CCPA COMPLIANCE REQUIREMENTS.

This section provides an overview of CCPA, which was introduced in Assembly Bill (AB) 375 and signed into law by Governor Brown on June 28, 2018, and subsequently amended by SB 1121, signed into law on September 23, 2018.

A. CCPA Requirements

CCPA includes numerous requirements related providing California residents with information and control over the data currently collected by PG&E. "California Residents" is broadly defined to apply to PG&E's customers, employees, employment related data (applicants and beneficiaries) as well as employees of a supplier doing business on PG&E's behalf. The following is a summary of the key aspects of CCPA, segmented by the broad requirements around California residents' rights to disclosure what data is being collected, rights to deletion of personal information, rights to know whether their information is sold and shared and to whom, rights to opt-out of the sale of data, rights to access their personal information, and the rights to equal service and price.

B. Rights to Know What Information Is Collected

CCPA requires that consumers have the right to request that a business disclose the categories and specific pieces of personal information that the business has collected, free of charge and up to two times in a 12-month period. Businesses must provide the information collected and the purposes for which the information is used. CCPA requires that businesses

¹ PG&E was unable to include a forecast of CCPA implementation costs in its 2020 GRC, because the CCPA legislation was not fully enacted until September 2018, too late to be included in the forecast revenue requirements and Major Work Categories included in PG&E's 2020 GRC.

disclose the categories of personal information collected, the sources of the information, the business purpose for collecting personal information, the categories of third parties with whom the business shares personal information, and specific pieces of information collected. This of course means that PG&E must be able to track the information it collects on Californians.

C. Rights to Know Whether Personal Information is Shared or Sold and to Whom

In addition to the collection disclosure, consumers have the right to know categories of information shared for a business purpose or sold to third parties, and the categories of third parties to whom the data was sold. This can be thought of as a “sharing disclosure” and will also require that PG&E track information in ways it has not previously.

D. Rights to Deletion of Personal Data

In certain instances, CCPA allows consumers to request that businesses delete any personal information about the consumer that the business has collected. This includes directing any service providers of the business to also delete the personal information from their records. However, businesses are not required to delete personal information if the information is needed to provide services requested by the consumer, detect security incidents, for compliance with laws, and other specified purposes.

E. Rights to Opt-Out of Sale of Information

Consumers have the right to direct businesses to not sell their personal information to third parties. As described previously, because PG&E does not at this time sell personal information to third parties, this section does not currently apply to PG&E.

F. Rights to Access Personal Information

CCPA requires that businesses make available two or more methods for submitting requests for information, including a toll-free telephone numbers and a web site address. Businesses are required to make the information available to consumers within 45 days of the receipt of the request, and the information will cover the 12-month period preceding the receipt

of the request. Businesses must provide the categories of information previously discussed in this section.

G. Rights to Equal Service and Price

CCPA requires that businesses not discriminate against a consumer because the consumer exercised any of their rights under CCPA. This includes prohibiting the denial of goods or services, charging different prices or penalties, and providing or suggesting a different level of quality of goods or services if the customer exercises their rights.

H. Entities Required to Comply with CCPA

CCPA applies to all for-profit businesses in California that meet the following attributes:

1. Gross revenues in excess of \$25 million
2. Obtains data for at least 50,000 California residents annually
3. Derives over 50 percent of revenue from selling California residents' personal information

Although PG&E already complies with the Commission's data privacy rules that address the sharing of customer information, PG&E falls within the first two criteria described above, and therefore must comply with the CCPA.

IV. A MEMORANDUM ACCOUNT TO TRACK AND RECORD CCPA COMPLIANCE COSTS IS REASONABLE AND SUPPORTS CALIFORNIA'S ADOPTED CONSUMER PRIVACY POLICIES.

A memorandum account is reasonable to allow recovery of incremental costs incurred upon a reasonableness showing at a later time.² A memorandum account should be approved unless "the costs are recoverable in a general rate case, the costs are not substantial, or the existence of the costs is speculative."³ Here, the costs would not be recoverable in PG&E's most recent GRC because the costs were not known in time to allow them to be included in PG&E's 2020 GRC proceeding. The costs will be substantial. Although the actual requirements

² See D.06-01-018, 2006 Cal. PUC LEXIS 16, *8 (2006).

³ D. 18-06-029 at 7; D. 18-11-051 at 5.

of the CCPA remain somewhat in flux,- and therefore all the processes necessary to comply with the law are not certain, PG&E estimates that the costs will be significant. The existence of the costs is not speculative. The CCPA establishes new legally mandatory requirements that will require technologies and processes for compliance. These new requirements, such as responding to various consumer requests about consumer data residing in the Applicants' systems, commence January 1, 2020. Although the California Attorney General's Office has not yet issued all of the regulations related to the CCPA and certain implementation details remain unclear, Applicants must begin incurring costs immediately to ensure their compliance by January 1, 2020.

Approval of a memorandum account to track and record PG&E's costs of complying with the CCPA also will support California's global-leading consumer privacy protections and policies.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Statutory Authority

This Application is filed in compliance with Public Utilities Code Sections 451, 454, and the California Consumer Privacy Act of 2018.

B. Categorization and Relevant Safety Considerations - Rule 2.1(c)

PG&E proposes that this Application be categorized as a "ratesetting" proceeding although it does not increase, change or affect any rate.

C. Relevant Safety Considerations - Rule 2.1(c)

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring applications to clearly state the "relevant safety considerations." The Commission has previously explained that the "safe and reliable provisions of utilities at predictable rates promotes public safety" (D.14-12-053 at pp. 12-13). As demonstrated in this Application and the prepared testimony, PG&E's proposal in this proceeding supports the safe and reliable

provision of electric and gas service in compliance with California’s consumer privacy laws and rules, all of which can help facilitate public safety.

D. Need for Hearing - Rule 2.1(c)

PG&E anticipates that evidentiary hearings will not be needed, because the application may be considered and reviewed consistent with the Commission’s prior guidance and criteria for review and approval of memorandum accounts that solely track and record incremental, verifiable costs and do not increase or change rates. PG&E’s proposed schedule is set forth in subsection F, below.

E. Issues to be Considered - Rule 2.1(c)

The principal issue presented in this Application is whether the Commission should approve PG&E’s request for approval of its Consumer Privacy Memorandum Account in compliance with Public Utilities Code Sections 451 and 454, and the California Consumer Privacy Act of 2018.

F. Proposed Schedule – Rule 2.1(c)

File Application	March 27, 2019
Protest or Response	April 26, 2019
Reply	May 6, 2019
Prehearing Conference	May, 2019
Proposed Decision	May, 2019
Decision (if comment period waived or shortened)	June, 2019
Decision (if regular comment period)	July, 2019

G. Legal Name and Principal Place of Business – Rule 2.1(a)

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E’s principal place of business is San Francisco, California. Its mailing address is Post Office Box 7442, San Francisco, California 94120.

H. Correspondence and Communication Regarding This Application – Rule 2.1(b)

All correspondence and communications regarding this Application should be addressed to Christopher J. Warner and Minci Han at the addresses listed below:

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Law Department
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Christopher J. Warner
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Regulatory Affairs
Pacific Gas and Electric Company
77 Beale Street, B10A
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Telephone: (415) 973-1140
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I. Articles of Incorporation – Rule 2.2

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Restated Articles of Incorporation, effective April 12, 2004, is on record before the Commission in connection with PG&E's Application 04-05-005, filed with the Commission on May 3, 2004. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

J. Balance Sheet and Income Statement - Rule 3.2(a)(1)

Exhibit A of this Application presents PG&E's most recent balance sheet and income statement for the period ending December 31, 2018.

K. Statement of Presently Effective Rates - Rule 3.2(a)(2)

PG&E's presently effective electric rates were filed on February 26, 2019, in Advice Letter 5376-E-B and are incorporated herein by reference.

L. Statement of Proposed Changes and Results of Operations at Proposed Rates - Rule 3.2(a)(3)

Approval of this Application would not increase electric rates for distribution customers; therefore, a statement setting forth PG&E's proposed increases or changes to electric rates is not needed.

M. General Description of PG&E's Electric and Gas Department Plant – Rule 3.2(a)(4)

Because this submittal is not a general rate application, this requirement is not applicable.

N. Summary of Earnings – Rule 3.2(a)(5) and (6)

A summary of recorded year 2017 revenues, expenses, rate cases and rate of return for PG&E's Electric and Gas Departments was filed with the Commission on November 5, 2018 in Application 18-11-003 and is incorporated herein by reference.

O. Statement of Election of Method of Computing Depreciation Deduction for Federal Income Tax - Rule 3.2(a)(7)

Because this submittal is not a general rate application, this requirement is not applicable.

P. Most Recent Proxy Statement - Rule 3.2(a)(8)

PG&E's most recent proxy statement dated April 10, 2018, was filed with the Commission on May 15, 2018 in Application 18-05-014 and is incorporated by reference.

Q. Type of Rate Change Requested - Rule 3.2(a)(3)

Results of Operations at proposed rates are not required because the proposal does not make changes in revenues.

R. Service of Notice of Application

PG&E is serving this Application on the service list in its 2020 General Rate Case, Application 18-12-009.

S. Exhibit List and Statement of Readiness

PG&E is ready to proceed with this case based on the Application.

VI. REQUEST FOR COMMISSION ORDERS

PG&E requests that the Commission issue appropriate orders:

1. Approving PG&E's Consumer Privacy Memorandum Account as fully compliant with the Public Utilities Code and the California Consumer Privacy Act of 2018, with an effective date as of the date of the filing of the Application;
2. Granting such additional relief as the Commission may deem proper.

VII. CONCLUSION

PG&E respectfully requests that the Commission approve its Application for approval of its Consumer Privacy Memorandum Account in compliance with the requirements in the Public Utilities Code and the California Consumer Privacy Act of 2018.

Respectfully Submitted,
CHRISTOPHER J. WARNER

By: /s/ Christopher J. Warner
CHRISTOPHER J. WARNER

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Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: March 27, 2019

VERIFICATION

I, the undersigned, say:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 27, 2019, at San Francisco, California.

/s/ Laurie Giammona

Laurie Giammona
Senior Vice President & CCO

Attachment 1

Attachment 1 – Proposed Tariff Language

ELECTRIC PRELIMINARY STATEMENT PART XX

CONSUMER PRIVACY MEMORANDUM ACCOUNT

XX CONSUMER PRIVACY MEMORANDUM ACCOUNT (CPMA-E)

1. **PURPOSE:** The purpose of the CPMA-E is to record costs associated with complying with the California Consumer Privacy Act of 2018 (Senate Bill No. 1121 (SB 1121)) commencing on January 1, 2019. The CPMA includes costs associated with disclosing to any consumer/customer their right to delete personal information on its Internet Web site or in its online privacy policy or policies by mail or electronically.
2. **APPLICABILITY:** The CPMA-E shall apply to all electric customers, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account will be established by a Commission decision through a subsequent application or through other appropriate filings as otherwise authorized by the Commission. Cost recovery of amounts recorded in the CPMA is limited to incremental costs, consistent with SB 1121.
4. **RATES:** The CPMA-E does not have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the CPMA-E by making entries to this account at the end of each month, or as applicable, as follows:
 - a. A debit entry equal to the electric portion of the recorded costs associated with complying with SB 1121, which includes O&M and A&G expenses and capital-related revenue requirements (depreciation expense, return on rate base, and related taxes);
 - b. A debit or credit entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
 - c. A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

GAS PRELIMINARY STATEMENT PART XX
CONSUMER PRIVACY MEMORANDUM ACCOUNT

XX CONSUMER PRIVACY MEMORANDUM ACCOUNT (CPMA-G)

1. **PURPOSE:** The purpose of the CPMA-G is to record costs associated with complying with the California Consumer Privacy Act of 2018 (Senate Bill No. 1121 (SB 1121)) commencing on January 1, 2019. The CPMA includes costs associated with disclosing to any consumer/customer their right to delete personal information on its Internet Web site or in its online privacy policy or policies by mail or electronically.
2. **APPLICABILITY:** The CPMA-G shall apply to all electric customers, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account will be established by a Commission decision through a subsequent application or through other appropriate filings as otherwise authorized by the Commission. Cost recovery of amounts recorded in the CPMA is limited to incremental costs, consistent with SB 1121.
4. **RATES:** The CPMA-G does not have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall maintain the CPMA-G by making entries to this account at the end of each month, or as applicable, as follows:
 - a. A debit entry equal to the gas portion of the recorded costs associated with complying with SB 1121, which includes O&M and A&G expenses and capital-related revenue requirements (depreciation expense, return on rate base, and related taxes);
 - b. A debit or credit entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
 - c. A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

Exhibit A

Pacific Gas and Electric Company
CONSOLIDATED STATEMENTS OF INCOME
(in millions)

	Year ended December 31,		
	2018	2017	2016
Operating Revenues			
Electric	\$ 12,713	\$ 13,127	\$ 13,865
Natural gas	4,047	4,011	3,802
Total operating revenues	16,760	17,138	17,667
Operating Expenses			
Cost of electricity	3,828	4,309	4,765
Cost of natural gas	671	746	615
Operating and maintenance	7,153	6,383	7,327
Wildfire-related claims, net of insurance recoveries	11,771	—	125
Depreciation, amortization, and decommissioning	3,036	2,854	2,754
Total operating expenses	26,459	14,292	15,586
Operating Income (Loss)	(9,699)	2,846	2,081
Interest income	74	30	22
Interest expense	(914)	(877)	(819)
Other income, net	426	119	188
Income (Loss) Before Income Taxes	(10,113)	2,118	1,472
Income tax provision (benefit)	(3,295)	427	70
Net Income (Loss)	(6,818)	1,691	1,402
Preferred stock dividend requirement	14	14	14
Income (Loss) Available for Common Stock	\$ (6,832)	\$ 1,677	\$ 1,388

See accompanying Notes to the Consolidated Financial Statements.

Pacific Gas and Electric Company
CONSOLIDATED BALANCE SHEETS
(in millions)

	Balance at December 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,295	\$ 447
Accounts receivable		
Customers (net of allowance for doubtful accounts of \$56 and \$64 at respective dates)	1,148	1,243
Accrued unbilled revenue	1,000	946
Regulatory balancing accounts	1,435	1,222
Other	2,688	862
Regulatory assets	233	615
Inventories		
Gas stored underground and fuel oil	111	115
Materials and supplies	443	366
Income taxes receivable	5	—
Other	448	465
Total current assets	8,806	6,281
Property, Plant, and Equipment		
Electric	59,150	55,133
Gas	21,556	19,641
Construction work in progress	2,564	2,471
Total property, plant, and equipment	83,270	77,245
Accumulated depreciation	(24,713)	(23,456)
Net property, plant, and equipment	58,557	53,789
Other Noncurrent Assets		
Regulatory assets	4,964	3,793
Nuclear decommissioning trusts	2,730	2,863
Income taxes receivable	66	64
Other	1,348	1,094
Total other noncurrent assets	9,108	7,814
TOTAL ASSETS	\$ 76,471	\$ 67,884

See accompanying Notes to the Consolidated Financial Statements.

Pacific Gas and Electric Company
CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	Balance at December 31,	
	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 3,135	\$ 799
Long-term debt, classified as current	18,209	445
Accounts payable		
Trade creditors	1,972	1,644
Regulatory balancing accounts	1,076	1,120
Other	498	538
Disputed claims and customer refunds	220	243
Interest payable	227	214
Wildfire-related claims	14,226	561
Other	1,497	1,457
Total current liabilities	41,060	7,021
Noncurrent Liabilities		
Long-term debt	—	17,403
Regulatory liabilities	8,539	8,679
Pension and other postretirement benefits	2,026	2,026
Asset retirement obligations	5,994	4,899
Deferred income taxes	3,405	5,963
Other	2,492	2,146
Total noncurrent liabilities	22,456	41,116
Contingencies and Commitments (Notes 13 and 14)		
Shareholders' Equity		
Preferred stock	258	258
Common stock, \$5 par value, authorized 800,000,000 shares; 264,374,809 shares outstanding at respective dates	1,322	1,322
Additional paid-in capital	8,550	8,505
Reinvested earnings	2,826	9,656
Accumulated other comprehensive (loss) income	(1)	6
Total shareholders' equity	12,955	19,747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 76,471	\$ 67,884

See accompanying Notes to the Consolidated Financial Statements.